GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2958
ANSWERED ON:02.12.2016
Health Insurance
Godse Shri Hemant Tukaram;Wanaga Shri Chintaman Navsha

Will the Minister of FINANCE be pleased to state:

a)whether the premiums payable for health insurance cover provided by public and private insurance companies have been revised upward recently and are very highly unbearable to the lower income/ economically weaker sections of the country;
(b) if so, the details thereof and the reasons therefor along with the percentage of insurance penetration in the rural and urban areas of the country;
(c) whether the Government proposes to review the rates of health insurance premiums to reduce the same and adopt a mechanism to put caps on their rates;
(d) if so, the details thereof and the reasons therefor;
(e) whether the Government has allowed paying health insurance premiums on installments and if so, the details thereof; and
(f) whether the insurance premiums of other products such as vehicle, home, etc. on insurance would also be allowed to pay in installments and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) to (d): Insurance Regulatory and Development Authority of India (IRDAI) has informed that no instances have come to its notice where upward premium revisions were done recently which are very highly unbearable to the lower income/economically weaker sections of the country.

The Insurance penetration for India, measured as the ratio of premium to Gross Domestic Product, was 2.72 percent for Life Insurance and 0.72 percent for General Insurance in 2015. Health Insurance is a part of General Insurance. The Insurance Penetration for the insurance sector as a whole in the year 2015 was 3.44 per cent in India. IRDAI does not maintain penetration data separately for rural and urban areas.

Further, Rashtriya Swasthya Bima Yojana (RSBY) provides smart card based cashless health insurance cover of Rs. 30000/- per annum to BPL families along with 11 other categories of unorganized workers. A majority of the beneficiaries of RSBY are from rural areas.

As far as the premium is concerned, the Insurer takes various factors such as loss ratio, claims experience, inflation rate and other actuarial parameters into account while finalizing the premium rates. Further, the pricing is also examined by the Actuarial Department of IRDAI and on confirmation by the Actuarial Department the final premium is approved by IRDAI.

(e) & (f): Generally, Health Insurance policies with more than one year term and group health policies offer instalment facility. As per Rule (59) of Insurance Rules, 1939, policies under Sickness Insurance, Group Personal Accident Insurance, Medical Benefits Insurance and Hospitalization Insurance Schemes; Premiums on such policies may be accepted in instalments provided that the instalment covering a particular period shall be received within fifteen days from the date of commencement of the period. The option for paying premium payment in instalments is not available for Home and Vehicle Insurance products. However, as per Rule 59 of the Insurance Rules, 1939 premium payment in instalments is allowed on products under Aviation, Marine Hull and Engineering insurance.
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